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In this issue:
Price Supports for 1957
Construction Trends
and Prospects

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SUMMARY

Economic activity in January and early February changed little from the advanced levels of the close of 1956. Consumer demand for farm products remained high, with incomes at year end at a new record 5 percent above the fourth quarter of 1955. Consumer expenditures for food were at an annual rate of more than 71 billion dollars, 4 percent above October-December 1955, and they continued to absorb almost one-fourth of consumer income. Exports of farm products are at a record rate and are expected to remain high in coming months.

Prices of farm food products in the "market basket" averaged 2 percent above a year earlier in the fourth quarter of 1956, while marketing margins were about the same as a year earlier. As a result, the farmers' share of the consumer's food dollar rose to 40 cents, 1 cent more than in the closing months of 1955. Prices received by farmers increased in January for the second consecutive month. The index at 238 percent of the 1910-14 average was 5 percent above a year earlier.

(Continued on page 3)

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

Commodity
Highlights

Cattle and calves on farms January 1 were down 2 percent from last year's record of 96.8 million. However, slaughter during 1957 is likely to be about as large as in 1956.

Hog prices in mid-February were $5.00 per cwt. above a year before. They will be lower in the near future than at their winter high, but a new seasonal advance is likely by late spring.

Prices received by farmers for dairy products will average about the same in 1957 as in 1956, as the support levels are unchanged.

Egg prices in mid-January were the lowest in two years. Some increase in late January followed announcement of resumption of USDA purchases of eggs for school lunches.

Despite a record 1956 soybean crop, heavy export and crusher demand were instrumental in maintaining prices in February around the level of a year earlier and above the support price.

Prices of most feed grains declined in the last half of January and early February but are still generally higher than a year ago.

With continued large demand for free market supplies of wheat, prices are expected to continue above the effective loan level.

Grower prices for Florida oranges have been rising since mid-January. Seasonally heavy demand for processing will probably cause some further increases this winter.

Commercial vegetables for fresh market supply are likely to average a little higher in price during the next few weeks than a year earlier. Record large supplies of processed vegetables, however, point to somewhat lower retail prices for these items.

Exports of cotton are running ahead of last season's rate but consumption by domestic mills continues to lag somewhat.

Early February quotations for wool were the highest in almost 2 years.

Marketings of the 1956 burley tobacco crop were completed by early February. Prices averaged the highest on record, with many of the traditionally top cigarette grades about the same as a year earlier, while prices of heavier-bodied leaf and tip grades were sharply higher.

GENERAL ECONOMIC CONDITIONS

Economic activity in January and early February held close to the advanced levels reached at the end of last year. Industrial output was off one point, after seasonal adjustment, from the December record of 147 percent of the 1947-49 average. Employment dipped a little more than usual from December to January, but the rise in unemployment was about normal.

Reduced output of television sets, furniture and other major household goods were principally responsible for the small January decline in industrial production. The Federal Reserve Board's seasonally adjusted index remained 2 percent higher than a year earlier. Output of producers durable goods generally was maintained at the high rates of December. Steel output was at a record level in January and the first half of February. Declines in activity, however, occurred during January in iron and steel foundries and in nonferrous metal fabrication. Production of minerals and nondurable goods was unchanged.

The Bureau of the Census reports that in the month ending in early January, total employment declined 1-2/3 million to the same level as a year earlier. The drop was caused mainly by seasonal layoffs in agriculture, construction, and retail trade. With a drop in the labor force, unemployment increased to 2.9 million in January, the same as a year earlier. The increase was the usual one for this time of year. According to the Bureau of Labor Statistics, seasonally adjusted employment in nonagricultural establishments for the pay period ending nearest January 15 was a little above a month earlier. Apart from seasonal layoffs, employment in most areas is reported high. The Department of Labor reports that employers plan small additions to their work forces over the next two months. A large gain is expected with the usual spring pickup in construction and smaller gains are planned in a wide range of manufacturing industries.

Consumer income advanced throughout 1956 and in the closing quarter was running some 5 percent above a year earlier. December wage and salary disbursements were about 8 percent above a year earlier in the commodity producing industries, 6 percent higher in the distributive and service industries, and 4 percent higher in Government. Reflecting the rise in income, retail sales in January were up about 5 percent from January 1956. The gain was especially pronounced in sales of nondurable goods. In December, the latest month for which detailed data are available, apparel sales were 9 percent greater than they were a year earlier and food store sales were up 7 percent. Among durable goods stores, a 9 percent rise for household appliance and radio stores and a 5 percent rise in sales of furniture stores contributed to December sales about 2½ percent greater than in December 1955.

Table 1.- Personal income, consumption, and saving, 1955 and 1956 and by quarters for 1956

Item	1955	1956	1956 Jan.-Mar.	1956 Apr.-June	1956 July Sept.	1956 Oct.-Dec. 1/
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Personal income	306.1	325.2	317.5	322.9	327.0	333.3
Less: Personal taxes	35.5	38.6	37.3	38.1	38.0	40.1
Equals: Disposable personal income	270.6	286.6	280.2	284.9	288.2	293.2
Less: Consumption expenditures	254.0	265.8	261.7	263.7	266.8	271.2
Durable goods	35.7	34.0	34.8	33.4	33.0	34.9
Automobiles and parts	17.2	14.6	15.5	13.8	13.7	15.4
Nondurable goods	126.2	132.9	130.5	132.3	134.0	134.8
Food 2/	67.0	70.5	69.5	70.1	71.2	71.3
Clothing and shoes	20.6	21.6	20.8	21.5	21.9	22.3
Services	92.1	98.9	96.4	98.0	99.7	101.5
Equals: Personal saving	16.6	20.8	18.6	21.2	21.4	22.0

1/ Preliminary: Fourth quarter estimates by Council of Economic Advisers.
2/ Excluding alcoholic beverages.

Department of Commerce.

Business spending for equipment and new construction continues at a record rate. Outlays planned for the first quarter of 1957 are up 16 percent from a year earlier. However, recent trends suggest some leveling in activity in the machine tool and construction industries. New orders placed with machine tool producers have declined in the past several months and contract awards for industrial building and other nonresidential construction are also down. In total, new orders for durable goods in December dropped 3 1/2 percent from November after seasonal adjustment to a level about 8 percent below a year earlier. However, unfilled orders for durable goods have changed little and are still running over 4 times the current monthly delivery rates for these items.

January production of new automobiles for the domestic market, totaled about 620,000, or about the same daily rate as in the corresponding month of 1956. Dealer sales rose slightly through December and January to a level at least as high as a year ago, but they continue below output. In January an estimated 120,000 autos were added to inventories, bringing the total on February 1 to more than 600,000 cars. These stocks however, are about a fourth less than the number on hand a year earlier when dealers' inventories reached burdensome proportions.

The general upward pressure on prices that has been evident for more than a year brought further advances in January. The Bureau of Labor Statistics index of wholesale prices rose 1/2 percent to 116.9 (1947-49-100), an increase of 4 1/2 percent from a year earlier. Several commodity groups that have led the rise in wholesale prices during the past year now appear to be gaining more slowly. Metal and metal product prices, though they have risen about 17 percent in the past two years, have increased more slowly since October. Wholesale prices of machinery also have risen more slowly in recent months.

The small increase in wholesale prices in January reflected higher prices for farm products, processed foods, and a wide variety of industrial products. Prices of fuel, power and lighting materials, up 2-1/2 percent in December, gained another 1-1/2 percent in January. Important increases occurred also in wholesale prices of furniture and household durables, pulp and paper, and nonmetallic minerals. Lumber products increased in price in January, reversing and 8-month decline.

For some raw materials the pressure of demand has eased and prices have declined. The Bureau of Labor Statistics index of primary market prices of 22 sensitive commodities declined about 3 percent from early January to early February. Foodstuffs averaged about 2 percent lower, and raw industrial commodities were off about 3 percent. Among the latter, scrap steel prices, which rose sharply in November as a result of unprecedented mill activity, dropped in December and January, and by early February were down a fourth from the peak. Finished steel, meanwhile, averaged slightly higher because of higher charges for "extras"-- special processing requested by customers. Copper scrap has also eased in price with losses from January 1 to mid-February amounting to more than 10 percent.

Farm product prices contributed to the general upward movement of prices during the month ending January 15. The Index of Prices Received by Farmers increased slightly from December to 238 percent of its 1910-14 average in January. Prices of meat animals were up seasonally in January as marketings receded from the late fall peak. Fruit prices averaged moderately higher than in December. Small gains were registered by nearly all grains. Dairy product prices declined seasonally in January but averaged 3 percent higher than a year earlier. A 6 percent drop in the index of poultry and egg prices was moderately less than the usual seasonal decline.

Central market prices of many important farm commodities declined in late January and early February. Corn (No. 3 Yellow, at Chicago) was down about 4 percent in mid-February from a month earlier, and oats were off almost 8 percent. Soybeans also eased in price over this period. Prices of hogs and slaughter steers declined seasonally but slaughter cows (utility) were up almost a tenth. Prices of midwestern eggs and North Georgia broilers rose in late January, but by mid-February had lost much of their gain.

PRICE SUPPORTS FOR 1957

The Department of Agriculture has announced price support levels for 1957 production of a number of farm commodities. The national average support price for wheat is set at $2.00 per bushel, the same as for the 1956 crop. The announced 1957 price support levels for milk for manufacturing and for butterfat are also the same as those for 1956. The minimum support level for 1957-crop upland cotton is a little below the 29.34 cents per pound (Middling 7/8 inch) for the 1956 crop. Announced supports for 1957-crop oilseeds are slightly below those in effect for the 1956 crop and price supports for feed grains are also lower. (Table 2)

Table 2.- Announced 1957 support levels, selected commodities, with comparisons

Commodity	Unit	Support level 1956	Support level 1957	January 1957 Average price received
		Dollars	Dollars	Dollars
Cotton upland	Pound	.2934	1/.2815	.3021
Wool	Pound	.62	.62	2/.467
Butterfat	Pound	.586	.586	3/.591
Milk for manufacturing	Cwt.	3.25	3.25	3.39
Wheat	Bu.	2.00	2.00	2.09
Rice (rough)	Cwt.	4.57	1/4.43	4.57
Corn	Bu.	1.50	1/1.36	1.23
Oats	Bu.	.65	.60	.752
Barley	Bu.	1.02	.94	1.05
Sorghum grain	Cwt.	1.97	1.83	2.13
Rye	Bu.	1.27	1.15	1.22
Soybeans	Bu.	2.15	2.09	2.31
Flaxseed	Bu.	3.09	2.92	3.04
Cottonseed	Ton	4/48.00	4/46.00	60.40

1/ Minimum support level will be increased if necessary at the beginning of the new marketing year. 2/ Average local market price for wool sold; does not include incentive payment to bring season average return to 62 cents per pound. 3/ Actual. Seasonally adjusted price in January was $0.574. 4/ Loan rate.

CONSTRUCTION TRENDS AND PROSPECTS

In the expanding economy of 1956, residential construction was one of the few sectors in which activity declined. New housing starts trended downward throughout the year and for 1956 as a whole totaled about 1.1 million units or more than 15 percent fewer than in 1955. Outlays for new homes in 1956 declined only about 8 percent from 1955, because of higher building costs. Increases in outlays for other forms of construction were more than enough to offset the drop in homebuilding, so that total outlays for new construction rose 3 percent to a record 44 1/4 billion dollars.

The Departments of Commerce and Labor, in a recent appraisal of the construction outlook, forecast that outlays in 1957 will rise by 5 percent from the 1956 total. New home starts may not quite match the 1956 rate. Several important categories of nonresidential construction are expected to increase, but at a rate considerably slower than last year.

New construction, public and private, accounted for more than a tenth of the total value of goods and services produced in 1956. About 3 million workers were employed directly in contract construction. In addition, there were many more in the lumber, paint, steel, cement, clay, and asphalt industries whose jobs depended indirectly on construction. Any sizable variation in building activity thus has important effects on a wide range of supplier industries. Such variations also influence personal incomes and expenditures, and thus effect the market for farm products and other consumer goods.

Residential Construction

Before the decline in housing starts began in the spring of 1955, the trend had been steadily upward for 10 years except during the Korean war. In the decade from the end of World War II through 1955, almost 11 million new homes were built. This was nearly as many as were constructed in the preceding 25 years. A large part of this postwar surge in homebuilding represented a working off of the backlog of housing requirements that resulted from the depression and the war. In addition, current demand for housing was strong because of the increased rate of population growth, rising incomes and large private holdings of liquid assets, a highly mobile population, and fairly liberal credit terms.

By early 1955 the postwar backlog of housing demand had largely been met. Families that had "doubled up" during the depression or the wartime housing shortage had generally succeeded in finding separate housing. The percentage of married couples not having their own households dropped from an April 1947 peak of 8.7 percent of the total to 3.5 percent in April 1955. With a record volume of mortgage lending, there was steady upward pressure on interest rates throughout 1955 and 1956. Also in mid-1955 the VA and FHA reduced the maximum term on insured or guaranteed mortgages and raised the minimum downpayment. Finally, construction costs, after changing little

during 1953 and 1954, started upward again in early 1955. From March 1955 to the corresponding month of 1956, the Department of Commerce composite index increased $4\frac{1}{2}$ percent, and has continued upward almost without interruption since then.

After a year and a half of decline, private housing starts in recent months have held steady around an annual rate of 1 million units. Barring any new steps by the Federal Government to stimulate homebuilding, no immediate or sizable pickup is anticipated. The Commerce and Labor Departments, in their appraisal, anticipated that work would be started on approximately a million new private nonfarm dwelling units. The supply of funds to finance new home construction continues tight, despite an increase to 5 percent in the maximum rate lenders may charge on FHA-insured mortgages. On the other hand, mortgage terms have been relaxed somewhat. The 30-year term on VA and FHA loans was reinstated early in 1956 and later in the year lower downpayments were authorized for certain types of housing.

Although housing starts may show no early increase, basic factors in the demand for new housing argue against further decline. Personal incomes are currently at record levels. Vacancy rates for the United States in general continue low. The rate of new household formation, now averaging around 850,000 per year, is down about half from the postwar peak but still well above prewar. In addition, a sizable replacement demand results from obsolescence, abandonment and demolition of existing housing. In the older parts of many cities, urban redevelopment programs are replacing substandard housing with modern apartments and office buildings. At the same time, improved transportation facilities are making possible the development of suburban communities. New population centers are also growing up, especially in the West. Each year, one person in five of our population changes his residence, many to areas where new housing is required. In total, these factors represent a sizable continuing demand for new housing.

Nonresidential Construction

Outlays for private construction other than homebuilding have increased in every year since the war except 1949. In 1956, the value of private nonresidential building approximated 15.5 billion dollars--a gain of 11 percent over 1955.

A large part of private nonresidential construction--perhaps a third--is complementary to home construction. Development of residential areas tends to create a demand for shopping centers. churches, restaurants, garages, and social and recreational facilities. Requirements for some of these types of buildings are reported to be continuing strong. The Commerce-Labor forecast of construction cites the low vacancy rate in office buildings as indicative of a continuing strong demand for additional office space. Outlays for religious, private educational and other community facilities also increased

in 1956 and are expected to rise further in 1957. However, the Commerce-Labor outlook anticipates a decline in the construction of new store buildings because of the completion of many new shopping centers. The volume of contract awards for new stores is also declining.

The upswing in business capital outlays during the past two years has brought a rising volume of expenditures for new industrial structures. In 1956, spending for industrial building rose by more than a fourth from the previous year to a new record. But a slower rate of expansion is in prospect for 1957. There was a substantial decline in contract awards for private industrial buildings during 1956. By the fourth quarter, the value of contract awards in 37 Eastern States was running 30 percent behind the fourth quarter of 1955. However, the Commerce and Labor Departments have predicted that industrial construction in 1957 will likely total some 5 percent above 1956, partly because of higher prices. At year end, such outlays were already at a rate almost 4 percent above that for 1956, so that little or no further rise is implied.

Public utilities also increased their construction outlays in 1956 with a record expenditure of 5.1 billion dollars. Although awards of contracts for new construction in recent months have fallen below a year earlier, prospects for 1957 indicate a substantial rise--possibly as much as 13 percent according to the Commerce and Labor projection. The gains are expected chiefly in construction of electric power facilities and of natural gas pipelines.

Government expenditures on new construction have increased each year since 1946. Last year, a rise of 8 percent in public construction brought total outlays for the year to 14.4 billion dollars. Of this amount, 5.1 billion was spent for highways--13 percent more than in 1955. Educational facilities accounted for a rise of 4 percent from 1955. And outlays for military facilities increased by 8 percent.

Greater outlays are in prospect for all of these forms of public construction spending in 1957. The new Federal-States highway program is expected to boost spending for new roads by about 8 percent from 1956. School construction, assuming no impact this year from new legislation, is expected by the Commerce and Labor Departments to rise by more than a tenth. Spending for military facilities is also likely to increase. New hospitals, water facilities, sewage disposal and other categories of public expenditures are all expected to show increases from 1956 to 1957.

FOREIGN DEMAND

The high level of domestic economic activity in 1956 was supported by an unprecedented volume of non-military exports. U. S. exports (excluding military aid shipments) in 1956 totaled 17.2 billion dollars, 3 billion or 21 percent over 1955. Farm commodities accounted for approximately one-third of the increase.

U. S. agricultural exports in 1956 broke through the previous high achieved in 1919 and total 4.2 billion dollars. Compared with 1955, the value of exports increased 30 percent. Of the major commodity groups, only tobacco showed a decline from 1955, a year of heavy foreign restocking (table 3).

Table 3.- Calendar year exports, 1956

Item	1956	Change from 1955	
	Mil. dol.	Mil. dol.	Percent
Cotton	718	249	53
Grains and feeds	1,404	397	39
Tobacco, unmanufactured	333	-23	-6
Vegetable oils and oilseeds	442	120	37
Fruits and vegetables	370	84	29
Livestock products	581	84	17
Other, including relief	310	52	20
Total agriculture	4,158	963	30
Total, domestic exports 1/	17,164	3,000	21

1/ Excluding military supplies under grant aid.

For several commodity groups, 1956 was a year of substantial increases in export volume. Cotton exports rose 55 percent over the low level of 1955 with renewed purchases by foreign countries under CCC's competitive price program (representing both stock building and a high rate of current use). Exports of grains and feeds were about 10 percent above the previous high of 1947: the increase reflected heavy movement of feed grains during the first half of the year, and abnormally large European requirements for wheat and unprecedented shipments of rice in the second half. Exports of vegetable oils and oilseeds continued their steady upward surge, with an increase of about 40 percent over the previous year. Exports of fruits and vegetables likewise exceeded the previous peak set in 1947.

Some of the gains in agricultural exports arose from the prosperous conditions abroad. Another contributing factor notably for cotton and grains, was Government export programs which helped overcome problems of pricing and dollar shortage. In 1956, 41 percent of U. S. farm exports (1.7 billion dollars) was shipped to foreign countries without an expenditure of dollars on their part; of the 59 percent that was sold for dollars, about one-fifth moved at prices below those in the U. S. market.

Exports should continue to move out at a high rate during the first half of 1957. Over 3 million bales of cotton were shipped during July-December 1956, and approximately the same quantity may move during January-June 1957. Including cotton, about 700 million dollars worth of commodities are scheduled for export under Title I of Public Law 480 during the next 6 months. About 100 million dollars worth has been authorized for export during this period under the Mutual Security Act, with an additional 200-300 million dollars worth probably moving under barter, donation and other government export programs. However, farm exports during the 6 months ending in June 1957, are not likely to equal the 2.3 billion dollars achieved during the last half of 1956. The Suez crisis has adversely affected some foreign economies, and their large requirements for U. S. fuel and other non-agricultural commodities may cause them to reduce purchases of less essential farm commodities. Furthermore, farm exports are seasonally lower during the spring.

Importance of Government Financing in 1956

Between 1955 and 1956 the increase in Government financed exports is estimated at about 600 million, compared with an overall gain in farm exports of 963 million dollars. Four-fifths of the estimated increase in exports under special Government programs was due to larger shipments under Public Law 480. Exports under the Mutual Security Act included shipments of cotton previously authorized but not exported until Commodity Credit Corporation stocks became available at competitive world prices.

Table 4.- United States agricultural exports by specified Government export programs, 1955, 1956 1/

Item	1955	1956	Change
	Mil. dol.	Mil. dol.	Mil. dol.
Exports under Public Law 480			
Sales for foreign currency (Title I)	265	620	355
Famine and other urgent relief (Title II)	76	102	26
Domations (Title III, Sec. 302)	178	175	-3
Barter (Title III, Sec. 303)	260	369	109
Total	779	1,264	487
Exports under the Mutual Security Act	368	450	82
Export-Import Bank loans	44	77	33
Total, under specified export programs	1,191	1,793	602
Total, agricultural exports	3,195	4,158	963

1/ Data for 1956 partly estimated.

SURPLUS DISPOSAL DEVELOPMENTS

Summary of CCC Operations, 1956

On December 31, 1956, the total investment of the Commodity Credit Corporation in price-support commodities aggregated 8,211 million dollars compared with 8,666 million on the same date a year earlier. Of the 1956 total, 2,319 million dollars represented loans outstanding, while price support inventories amounted to 5,892 million dollars at cost value.

The decline of 455 million dollars in the total investment masks the large volume of transactions which took place during the year. (Table 5.)

Table 5.- CCC Investment in Price Support during calendar year 1956 1/
(all figures in millions of dollars)

Commodity	Total investment Dec. 31, 1955	Additions during 1956 2/	Reductions during 1956 3/	Total investment Dec. 31, 1956	Change from Dec. 31, 1955
Cotton, upland	2,330	969	1,576	1,724	-606
Wheat and wheat flour	2,854	895	1,056	2,694	-160
Corn	1,578	745	277	2,046	468
Rice	240	261	327	174	-66
Barley	105	117	124	98	-7
Sorghum grain	153	99	141	110	-43
Oats	65	45	58	51	-14
Nonfat dry milk	28	130	137	21	-7
Butter and butter oil	121	109	230	1	-120
Cheese	131	82	124	89	-42
Wool	94	2	47	49	-45
Other agricultural	883	463	432	914	31
Exchange commodities 4/	83	200	41	242	159
Total	8,666	4,115	4,570	8,211	-455

1/ Includes commodities pledged for loans and in inventories, although committed to sale or otherwise obligated.
2/ Net new loans, acquisition of collateral, purchases, and net carrying charges, etc.
3/ Loan repayments, transfers to accounts receivable, charge-offs, sales, donations, and other dispositions (net storage and transit losses).
4/ Acquired through barter for transfer to the strategic and supplemental stockpile.

During 1956 reductions equalled 53 percent of total investment at the beginning of the year. Reductions in upland cotton, for instance, equalled two-thirds of the investment at the beginning of the year; in the case of rice, barley, and dairy products, reductions during the 1956 were larger than investment on December 31, 1955. However, new loans, acquisitions of collateral and purchases during 1956, particularly for corn, wheat and cotton, nearly offset total reductions. Total additions to investment during the year amounted to 4,115 million dollars. Total reductions amounted to 4,570 million dollars; this includes surplus disposal operations (sales and donations) of 3,926 million dollars and 644 million dollars of loan transactions. The net loss to the Commodity Credit Corporation on price support operation during 1956 was 1,284 million dollars; almost all of the loss arose from the difference between CCC cost and the dollar proceeds of disposals.

CCC Disposition Commitments

The December 31, 1956 investment figures cited above include commodities committed for sale or otherwise obligated. Data are also available on disposition commitments of CCC owned commodities; these represent firm contracts made by CCC covering commercial sales (including those financed under Government export programs), non-commercial sales, transfers, donations, and exchanges. Domestic sales include commodities which may but are not required to be exported.

Disposition commitments during 1956 reached the unprecedented level of 2.7 billion dollars, 72 percent above the comparable figure for 1955 (valued for the most part at the dollar return to CCC, unlike the data on CCC investment given in the preceding section which are entered at CCC cost.) (table 6).

Table 6.- Summary of CCC disposition commitments, 1955 and 1956

Disposition	Valuation	Jan. 1-Dec. 28 1955	Jan. 1-Dec. 26 1956
		Mil. dol.	Mil. dol.
Domestic			
Commercial sales	Dollar return	275	298
Transfers	do.	58	176
Donations	Dollar value	145	94
Total		478	567
Foreign			
Commercial sales	Dollar return	521	1,408
Non-commercial sales	do.	6	12
Transfers	do.	75	106
Donations	Dollar value	238	259
Barter	Dollar return	268	381
Total		1,108	2,166
TOTAL DISPOSITIONS 1/		1,588	2,739

1/ Including fire, theft, spoilage, etc.

Foreign disposition at 2.2 billion dollars were twice as high as in 1955. Most of the increase resulted from sales of cotton for export. Sales for export and barter accounted for the bulk of the grain disposition, while about 90 percent of the total dispositions of dairy products represented domestic and foreign donations. Nearly all foreign dispositions were at prices below those prevailing on the U. S. market.

Dispositions during 1956 included 7.3 million bales of upland cotton, 340 million bushels of wheat, 8.7 million tons of feed grains, 36 million hundredweight of rice (milled basis) and 1.3 billion pounds of dairy products (table 7.)

Table 7.- CCC disposition commitments for specified commodities calendar years 1955 and 1956 1/

Commodity	Unit	Domestic disposition		Foreign disposition		Total 2/	
		1955	1956	1955	1956	1955	1956
Cotton, upland	1,000 bales	95	113	83	7,190	178	7,313
Wheat	Mil. bu.	13	18	229	321	243	340
Corn	Mil. bu.	97	91	76	59	173	150
Rice 3/	Mil. cwt.	2	8	3	28	5	36
Sorghum grains	Mil. cwt.	11	13	44	25	55	38
Barley	Mil. bu.	5	5	86	69	91	74
Oats	Mil. bu.	22	17	33	30	55	48
Wool	Mil. lb.	18	69	---	---	18	69
Dry milk 4/	Mil. lb.	104	166	596	578	700	744
Butter 5/	Mil. lb.	155	129	227	92	382	221
Cheese	Mil. lb.	94	135	144	167	238	302

1/ January 1-December 28, 1955 and January 1-December 26, 1956.
2/ Including fire, theft, spoilage, etc. Total of unrounded data.
3/ Milled basis.
4/ Nonfat dry milk solids (includes condensed whey).
5/ Includes butter oil.

FARM INCOME

Farmers' realized net income is now estimated at 11.8 billion dollars for 1956, up a half billion dollars or 4 percent from 1955. Approximately 300 million dollars of this increase was due to payments under the new Soil Bank and wool incentive programs. The remaining 200 million dollars reflected increased cash receipts from farm marketings, only partly offset by higher production expenses.

Cash receipts from farm marketings in 1956 totaled 30.0 billion dollars as compared with 29.3 billion in 1955. The increase reflected a larger volume of marketings in 1956, with prices showing little change on the average. Cash receipts from crops amounted to 13.8 billion dollars, or 3 percent higher than in 1955. Total cash receipts for livestock and livestock products rose 2 percent to 16.2 billion dollars.

Farmers' cash receipts from marketings in January 1957 are tentatively estimated at 2.5 billion dollars, down seasonally from December 1956 and about the same as January a year ago. Prices averaged about 5 percent higher than a year ago, but the volume of marketings was smaller. Receipts from livestock and products were around 1.4 billion dollars, up 5 percent from January 1956, largely because of higher meat animal prices. Crop receipts were about 1.1 billion dollars, down 8 percent from a year ago, mostly because of smaller marketings of cotton.

LIVESTOCK AND MEAT

A small reduction in meat production this year is indicated by the smaller January inventory of meat animals on farms. Cattle and calves on farms totaled 95.2 million head, down 2 percent from the record 968 million a year earlier. The number of sheep and lambs, at 30.8 million head, was off slightly. The number of hogs was reduced 5 percent, as numbers of older hogs for early 1957 slaughter were down sharply and fall-born pigs slightly.

The cattle inventory at the beginning of the year included 4 percent fewer steers, 2 percent fewer heifers, 1 percent fewer calves and 2 percent fewer cows than in January 1956. The number of cattle and calves on feed January 1 was 4 percent larger than a year ago. The make-up of these inventories indicates that marketings of fed cattle will continue large and probably will be distributed more evenly throughout 1957 than in 1956. Unless drought conditions are quickly relieved, total cattle slaughter for this year promises to be about as large as last year. Lighter average dressed weights per head may hold beef output to slightly less than a year earlier.

If cattle and calf slaughter in 1957 approximates the 40.6 million head slaughtered in 1956, prices also will probably average not greatly different from last year. Seasonal price movements may conform more closely to those of an average year than they did in 1956. Fed cattle prices may prove stable, or strengthen a bit, in months ahead. Prices of stocker cattle normally are highest in the spring and probably will be so this year also.

Smaller hog slaughter seems assured by the fewer pigs saved last fall and by last December's intentions of hog producers to reduce spring pig farrowings by 2 percent. However, the difference between this year's and last year's year's slaughter will narrow as the year progresses.

Hog prices in mid-February were $5.00 per 100 pounds above a year before. Prices will probably stay below their winter high while marketings of fall crop pigs are largest, but a seasonal advance is likely by late spring.

The number of sheep and lambs on farms at the beginning of this year was $1\frac{1}{2}$ percent smaller than a year earlier. Inventories of stock sheep were down 2 percent but the number of feed was 5 percent larger than January 1956. Slaughter supplies may exceed those of a year earlier for another month or two. It is less certain that they will do so later. Slaughter this summer and fall will be affected by the number of sheep and lambs withheld from slaughter for feeding and breeding. If pastures and other conditions are favorable, slaughter at this time will likely be less than a year earlier.

Sheep and lamb prices are currently a little above early-1956 prices, when slaughter of all livestock was relatively large. Prices may continue at or above year-earlier prices at least until mid-spring.

DAIRY PRODUCTS

Production of milk totaled 9.7 billion pounds in January compared to the previous record for the month of 9.6 billion pounds in January 1956. The greater output reflected a continued increase in the rate of production per cow; the number of milk cows on farms January 1 was about 1 percent smaller than a year earlier. With abundant feed supplies, and reasonably favorable milk-feed price relationships in prospect, milk output is likely to continue at a record level, barring a spread of drought conditions into more important dairy areas. Revised data indicate that 125.7 billion pounds of milk was produced in 1956 compared with previous record of 123.1 billion in 1955.

The pattern of milk use in recent months has been about the same as a year earlier. Use in fluid form has increased a trifle faster than population the past year, with the help of the Special Milk Program. Output of butter was a little smaller than a year earlier in the closing months of 1956, while cheese production was greater. During January, however, production of both items was slightly above early 1956.

Per capita consumption declined slightly for butter and nonfat dry milk in 1956 but increased for American cheese, ice cream and fluid whole milk. Total consumption of all dairy production was equivalent to 699 pounds of milk compared with 698 pounds in 1955 and the 1947-49 average of 732 pounds. The 1955 and 1956 totals included the equivalent of 28 and 31 pounds of milk per capita which civilian consumers received from CCC stocks or which were purchased in large part with Government funds (under the Special Milk Program). Consumer incomes are running larger, and retail prices for fluid milk and some other items are slightly above last year's levels. Per capita consumption of the several dairy products probably will show little change in 1957 compared with 1956.

Purchases of cheese and nonfat dry milk for price support were above a year earlier in January, but purchases of butter were smaller. So far in the current marketing year, the milk equivalent of purchases has been equal to a year earlier. Little change is likely in the next year with purchases probably again taking around 4 percent of milk production.

Prices to farmers in 1957 probably will be about the same as in 1956 since the levels of support for manufacturing milk and butterfat will remain unchanged. Actual prices in 1956 showed small increases over 1955, reflecting higher support levels, upward adjustments in fluid milk prices in a number of markets, and somewhat greater utilization in fluid milk outlets. Cash receipts from dairy products promise to set a new record high in 1957, compared with the near-record level of a little over 4.5 billion in 1956. However, a number of production costs also are higher.

EGGS AND POULTRY

Egg prices rose slightly in late January, following the announcement on January 25 that the Department of Agriculture would resume the purchase of eggs for the School Lunch Program. The mid-January farmers' price of 33.2 cents per dozen was 13.4 cents below a year earlier.

Under the renewed egg-buying program, purchases in the first 2 weeks of February totaled almost 63 thousand cases of large eggs. Purchases in the second week of the buying program--48,000 cases--were almost up to the average weekly rate for September 28 to December 7, 1956, when 584,000 cases of medium eggs were bought. Paying prices for oil-treated large eggs of appropriate specifications at Midwest locations were 33.95 to 34.90 cents per dozen in the second week of the current program.

The egg-laying flock now on hand is about the same as a year earlier, and the February 1 rate of lay was also close to last year. As a result, production on February 1 was about the same as last year. Total production is rising seasonally.

Hatchery operations for replacement type chicks were below a year earlier, by 8 percent in December and 21 percent in January. However, it is doubtful that the percentage cuts for the important hatching months of March, April, and May will be as large as in January. Eggs in incubators February 1 were 30 percent fewer than the usually large number a year earlier. Hatchings in the spring will strongly influence the volume of production for 12 months beginning about September. Farmers' early February intentions were to raise 9 percent fewer replacement chicks than the 472 million raised in 1956.

Broiler prices have made considerable recovery from their recent lows, reaching about 20 and 21 cents per pound in most producing areas in the first week of February. Toward mid-month they weakened slightly from earlier in the month. The mid-January U. S. average was 18.0 cents per pound. Marketings in February are from placements about 8 percent larger than 12 months earlier. Placements in recent weeks have been 10 to 15 percent above 1956.

All indications point to a larger 1957 turkey crop than the 1956 record of 76 million birds. Growers' January intentions were to raise 10 percent more birds this year than last (13 percent more heavy breeds and 3 percent fewer light breeds). These intentions are supported by the January 1 inventories which showed 14 percent more heavy breeders on hand and 2 percent fewer light breed birds than a year earlier.

OILSEEDS, FATS AND OILS

Despite a record crop, farm prices for soybeans through January 15 were maintained well above a year earlier and above the present support price of $2.15 per bushel. The average for January reached $2.31 per bushel--a new seasonal high for the current marketing year. Heavy export and crusher demand for soybeans along with the orderly marketing of beans by the farmer were the important factors. Prices since January have declined somewhat and in mid-February central market prices were slightly lower than a year earlier.

Soybean exports are running above a year ago and the total for the 1956-57 season may exceed last year's record 67 million bushels by about 10 million bushels. Crushings also are at a new high and are expected to total about 325 million bushels, 15 percent more than the previous peak. A substantial part of the heavy crushings is due to a strong export demand for edible vegetable oils.

Soybean oil prices increased 15 percent from October through January. Since then soybean oil prices declined slightly but in mid-February were substantially above a year earlier. The carryover of 1956 crop soybeans on October 1, 1957 is likely to be at a new high of 25-30 million bushels, a substantial portion of which is expected to be in CCC hands. However, stocks of edible food fats are likely to be down considerably.

The Department has urged soybean producers to watch soybean market prices closely during the next several weeks for possible advantageous redemption of price-support loans on 1956-crop soybeans. While the CCC has no soybeans in its inventory at present, nearly 54 million bushels of 1956-crop soybeans were under support as of January 15.

Prices received by farmers for 1956 crop cottonseed averaged $53.20 per ton, well above a year earlier and higher than support. The higher price reflects increased bidding for a crop sharply reduced by fewer acres and slightly lower yields. In addition, there has been a strong consumer demand for cottonseed oil, meal, linters and hulls. Cottonseed oil prices in August 1956-January 1957 averaged about 15 percent higher than the previous year because of strong domestic and export demand for edible oils.

Flaxseed output during the current marketing year, the second largest of record, is considerably more than needed for domestic consumption as oil and for feed and seed. About 17 million bushels are estimated to be available for export, delivery to CCC, or addition to stocks. Export prospects are not

as favorable as last year because of sharply increased exportable supplies in foreign countries. The season average price received by farmers for 1956 crop flaxseed, tentatively estimated at $3.02 per bushel, 7 cents under the support level, reflects the surplus situation.

The USDA on February 9 announced that the 1957 crop soybean, flaxseed and cottonseed crops would be supported at 70, 65, and 65 percent of the January 15, 1957 parity prices, respectively. These percentages represent a decrease of 5 points from the 1956 levels. The 1957 crop support prices and comparisons with 1956 levels are as follows: Soybeans, $2.09 per bushel, down 6 cents; flaxseed, $2.92 per bushel, down 17 cents; and cottonseed, $46 per ton (loan value), down $2.00.

Supplies of food fats in the marketing year which began on October 1, 1956 including the oil equivalent of oilseeds exported, will total nearly 11.8 billion pounds, approximately the same as the previous year's record peak. Substantially reduced stocks at the outset are offset by increased output.

Exports of all food fats and oils including the oil equivalent of oilseeds but excluding butter are expected to equal last year's record 2.7 billion pounds. An increase in U. S. exports of soybeans and soybean oil is likely to offset a decline in lard and cottonseed oil. Per capita consumption probably will average near 45 pounds (fat content, including butter), up slightly from a year ago. This rise together with the increase in population will result in a larger total domestic consumption. Carryover stocks of butter on October 1, 1957 may be nearly the same as a year earlier, but those of the vegetable oils and lard will be less.

Large exports and a continued rise in domestic disappearance are expected to reduce carryover stocks of food fats and oils next September 30 to the lowest for that date since 1951. But still they will be adequate as a working inventory. Also year-end stocks of soybeans will be up.

FEED

Prices of most feeds declined in the last half of January and early February, although they continue generally higher than a year ago. The price of No. 3 yellow corn at Chicago averaged $1.27 per bushel for the week ended February 8, 8 cents lower than in the middle of January. This was close to the seasonal low reached last October, and only slightly higher than a year earlier. Only about 28 percent of the 2,774 million bushels of 1956 corn in the commercial area was produced by farmers cooperating with the acreage allotment program, compared with about 40 percent in 1955. Corn produced by these farmers would be eligible for the $1.50 national average support price. Through January 15, 212 million bushels of 1956 corn had been placed under price support compared with 200 million for the same period of 1955-56. Prices of oats, barley and sorghum grains have been above the 1956 supports in recent months, and much smaller quantities of these grains are going under

price support than in 1955-56. High-protein feed prices have been about the same as a year earlier, and the index of prices paid for all feeds purchased by farmers about 5 percent higher.

On February 9 price supports for 1957 crop oats, barley and sorghum grains were announced at 70 percent of January 15 parity prices. The national average support price for oats is 60 cents per bushel, 5 cents lower than in 1956; barley, 94 cents per bushel, 8 cents lower; and sorghum grains 1.83 per 100 pounds, 14 cents lower.

Stocks of feed grains in all positions on January 1 totaled 121 million tons, 4 percent larger than the previous record stocks on that date last year. Utilization of feed grains during October-December was about the same as in that quarter of 1955, but a little below average. For the entire 1956-57 marketing year, domestic use and exports may be a little less than in 1955-56. The total carryover of feed grains into 1957-58 is expected to be around 15 percent above the record stocks at the beginning of the 1956-57 season.

WHEAT

Cash wheat prices continue generally above the effective loan level and are not far below the high for the season to date. The decline in price of No.2 Soft Red Winter at St.Louis was somewhat more than the small recent declines in wheats in other markets, but on February 18th the price of No.2 Soft Red at St. Louis was still 7 cents above the effective loan. This was more than wheat in other markets, except in the Pacific Northwest. Prices of white wheat in the Pacific Northwest on February 18th were 40 cents above the effective loan. Some white wheat is being sold from CCC stocks at a slightly higher rate than the loan rate plus 5 percent plus carrying charges.

The average price received by farmers in mid-January was $2.09, which was 2 cents above a month earlier and 14 cents above a year ago. Strength in wheat prices results from heavy exports, operation of the changed export program since September 4th, and also from the price support program.

Wheat exports July through January totaled about 297 million bushels this year, compared with 147 million for the same period a year earlier. For the July-June marketing year as a whole, exports are now expected to total about 450 million bushels, compared with 346 million bushels last year. On the basis of indicated exports and domestic use of about 600 million bushels, the carryover on July 1,1957 may be reduced by about 50 million bushels below the 1,034 million a year earlier. This will be the first substantial reduction since 1952.

Through January 15 farmers had placed 233.3 million bushels of 1956-crop wheat under support and had withdrawn 53.8 million, leaving a net of 179.5 million bushels. About half of these withdrawals took place in the Pacific Northwest, where prices were strong. On the same date a year earlier, the quantity of 1955-crop wheat which had been placed under support amounted

to 256.5 million bushels, of which 3.9 million had been withdrawn, or a net of 252.6 million bushels. On January 15, farmers also had 13.1 million bushels of 1955-crop wheat under the reseal program.

Over 11.3 million acres of wheat covered by 202,452 agreements, were signed under the 1957 Soil Bank Acreage Reserve as of February 8. The acreage includes winter wheat signed last fall, less cancellations, plus spring wheat signed through February 8. The deadline for producers to enter land in the 1957 Reserve for spring wheat is March 8.

FRUIT

Prices for Florida oranges at shipping points and at terminal auctions have increased since mid-January, following a dip in the first half of that month. In early February, prices both at shipping points and on auction were a little under a year previously. Prices at processing plants also have increased since mid-January but have continued moderately under a year earlier. With demand for processing seasonally heavy, some further increases in prices seem probable this winter. Auction prices for California oranges also declined during the first half of January, then increased. In early February, they averaged considerably higher than a year earlier. Supplies of all varieties of oranges in Florida remaining to be marketed after February 9 were moderately larger than a year previously, but supplies of California Navels and miscellaneous varieties were moderately smaller.

Supplies of Florida grapefruit remaining to be marketed after February 9 were a little smaller than a year earlier. With the crop smaller than a year ago, both shipping point and auction prices have been higher this fall and winter than in this period of 1955-56. However, prices at shipping points declined a little more during January and early February than in this period of 1956. Prices probably will hold steady during late winter.

Utilization of Florida oranges and grapefruit for fresh market use was somewhat lighter through February 9 of the 1956-57 season than in the same period of 1955-56. For processing, use of oranges was about as large as a year earlier, but that of grapefruit was smaller. Production of frozen orange concentrate by February 2 was over 23.7 million gallons, 5 percent under a year earlier. But with the larger remaining supplies of oranges, output is expected to overtake that of last season. Packers' stocks on February 2 were 22 percent larger than a year previously. The pack of canned Florida orange juice by February 2 was 3 percent lighter than a year earlier, and that of grapefruit juice was down 7 percent. Packers' stocks of all canned Florida citrus juices were up 5 percent.

Prices received by growers for apples, on a national average basis, averaged considerably higher in mid-January 1957 than a year earlier. Since then prices for leading varieties at shipping points generally have held fairly

steady, although in Michigan they tended to increase. In Washington, where stocks are much lower than a year ago, prices were much above those of a year ago. Total stocks of apples in cold storage on February 1, 1957 were lighter than a year earlier. In contrast, stocks of pears were larger. Grower prices for pears averaged lower for January than December, yet considerably higher than for January 1956. Prices on the Chicago auction in early February held fairly steady.

The 1957 Florida winter crop of strawberries is estimated to be a little smaller than the 1956 crop. However, fresh market shipments by early February were somewhat heavier than a year previously. Preliminary acreage in the early spring States is a little larger than that harvested in 1956. Prospective acreage in the mid and late spring States is about 6 percent larger than that harvested in 1956. Most of the increase is in the late spring States. On February 1, 1957, cold-storage stocks of frozen strawberries from the record 1956 pack were considerably larger than a year earlier.

COMMERCIAL VEGETABLES

For Fresh Market

Indications in early February point to substantially smaller supplies of vegetables for fresh market sale this winter than last. Heavy rains in some growing sections of Florida caused considerable damage to lima beans, snap beans, cabbage, sweet corn, escarole, lettuce, green peppers and tomatoes, causing a downward revision from January to February in estimated production of these crops. Among major vegetables biggest decreases this winter compared with a year earlier are in prospect for cabbage, carrots and lettuce, as acreages in Texas were cut back sharply because of drought and a shortage of water for irrigation. However, supplies of cabbage will be down much less than indicated production, because of the much larger stocks of Danish cabbage from the fall crop. Smaller tonnages are also in prospect for lima beans, snap beans, beets, broccoli, celery, green peppers, shallots and spinach. On the other hand, several major vegetables, including cauliflower, sweet corn and tomatoes, promise to be in significantly larger supply than a year earlier. Larger supplies are also in prospect for artichokes, Brussels sprouts, cucumbers, eggplant and kale.

Imports of fresh vegetables, principally tomatoes, cucumbers and green peppers, are also running well ahead of the light volume last winter. Dry onions are in moderately larger supply than a year ago, but supplies of early spring onions from Texas are expected to be substantially smaller. Demand is expected to continue strong and average prices received by farmers during the next few weeks are likely to average at least moderately above those of a year earlier.

Production estimates are available for three early spring vegetables, and indicated acreage is available for 4 others. Prospective production of early spring broccoli is 8 percent less than a year earlier while production

of early spring cauliflower is expected to be about a fourth larger. Production of shallots this spring is expected to be almost a fourth smaller than in the spring of 1956. Acreage of spring cabbage is down about 3 percent from a year earlier, onions down 27 percent, asparagus up 2 percent, and late spring watermelons up 8 percent.

The Department of Agriculture acreage marketing guide, released in February, suggests for 18 spring vegetables a 1957 planted acreage 2 percent less than in 1956, with the objective of a moderately smaller tonnage this spring than last.

For processing

Incomplete data on 1956 pack and January 1, 1957 stocks point to record large supplies of processed vegetables available for distribution during the remainder of the current marketing season. Among major canned items, corn, tomatoes, tomato juice, tomato catsup and sauerkraut appear to be in largest supply compared with a year earlier. But with the exception of asparagus, snap beans and spinach most other canned items are also in larger supply. Supplies of frozen vegetables are also substantially larger than a year ago. Stocks of frozen items on February 1 amounted to 783 million pounds, up about 40 percent from a year earlier. Biggest percentage increases occurred in holdings of frozen potatoes, mixed carrots and peas, green peas, broccoli, cauliflower and asparagus. But holdings of all other items were also up significantly. With substantially larger supplies available, retail prices of both canned and frozen items are likely to average a little lower during the next few months than in the same period last year.

POTATOES AND SWEETPOTATOES

Consumer demand for potatoes and sweetpotatoes into the spring is expected to be about the same as a year earlier. Through February 16, approximately 8.7 million hundredweight of potatoes had been diverted to starch and livestock feed under the Section 32 diversion program--about 1.6 million hundredweight more than a year ago. Of this, 5.8 million hundredweight, or about two-thirds of the total, qualified for diversion payments. But stocks of fall crop potatoes on February 1 were larger than a year earlier and prospects are for larger production of winter and early spring potatoes.

Supplies of sweetpotatoes are substantially smaller than a year earlier and prices to growers are well above the low levels of a year ago. But demand for sweetpotatoes has declined sharply in recent years. Despite the small supplies available, prices received by farmers in mid-January were only 9 percent above the 1947-49 average. The acreage marketing guide recommends for 1957, a 5 percent increase from the 1956 acreage.

WOOL

Prices of wool both here and abroad began to advance at about the time of the opening of the current domestic marketing season as world demand strengthened relative to available supplies. Except for temporary interruptions, the rise extended into early February of the year.

As of early February, prices of merino wools at the British Dominion auction centers ranged between 25 and 30 percent above last March. Prices of most crossbred wools were up between 15 and 25 percent. Net advances in Boston quotations for some domestic descriptions over the same period were as much as 27 percent. Quotations for most domestic descriptions were up between 10 and 25 percent, with advances for fine and half-blood wools greater than those for the coarser grades. Early February quotations were at the highest levels in about 2 years.

The general advance in wool prices abroad and at Boston has been reflected in the mid-month average of prices received by domestic growers for shorn wool. The average for January was the highest since March 1955. In the first 7 months of the current season the mid-month averages were below the 1955 seasonal average of 42.8 cents per pound, grease basis, but thereafter they were above. Government payments to producers after the close of the season will bring the average return for the season up to 62 cents, the incentive level under the 1956 program. The incentive level for the 1957 season also is 62 cents.

Government payments under the 1955 program amounted to about 57 million dollars, including promotion deductions of about 3 million dollars. The total consisted of about 50 million dollars for shorn wool and about 7 million dollars for lambs (pulled wool compensatory payments).

The 1956-57 world supply of wool is larger than that for 1955-56. An increase of 4 percent in world production is indicated.

A decline of 2 percent in the number of stock sheep on farms and ranches in the United States at the beginning of this year from a year earlier suggests slightly lower shorn wool production this year. Drought in Texas was an important factor in the reduction in stock sheep numbers.

Indications are that world consumption of wool last year was higher than in 1955. The increase last year was the second in succession. The world wool textile industry also consumed more fiber other than wool, but the increase was a little less than that for wool.

Domestic mills used more of both apparel and carpet wool last year than in 1955. The increases last year were the second in succession. Use of apparel wool was up 6 percent and of carpet wool up 8 percent.

The increase in the use of carpet wool last year was reflected in larger imports of duty-free wool for consumption. With imports of dutiable wool lower than in 1955 and little change in domestic production, the increase in mill use of apparel wool suggests a reduction in stocks. Commodity Credit Corporation holdings of wool acquired under the 1952-54 price support programs were reduced substantially last year.

COTTON

Exports of cotton are running far ahead of last season's rate but consumption by domestic mills continues to lag somewhat.

Shipments of cotton abroad from August through December this season totaled about 3.0 million running bales, 2.3 million more than a year earlier. They included about 34,000 bales of American-Egyptian cotton compared with about 3,000 bales a year earlier and the 1955-56 season total of about 20,000. For the 1956-57 season, exports of all cotton probably will be around 6.5 million bales.

As of February 5, CCC had sold about 6.4 million bales of upland cotton for export between August 1, 1956 and August 15, 1957. Prices for which CCC has sold cotton have gone up slightly in recent sales because of the addition of carrying charges to the sales prices. However, CCC sales prices are still competitive with foreign spot market prices for foreign grown cotton.

Funds authorized by the U. S. Government to finance exports of cotton in the fiscal year 1957 totaled about 426 million dollars as of February 7. If completely used, these funds would finance the export of about 2.8 million bales of cotton. However, some of this money probably will not be used because the figure includes some agreements under Public Law 480 for which purchase authorizations have not been issued. In 1955-56 about 1.6 million bales of exports were financed by U. S. Government funds, including Export-Import bank loans.

Domestic mill consumption from August 1 through December 29 was about 3.8 million bales, or about 4 percent less than in approximately the same period a year earlier. The ratio of mill stocks of cotton broadwoven goods to unfilled orders was higher than a year earlier from June to December. This probably indicates that consumption for the rest of the season will remain somewhat below a year earlier. The estimated consumption for the 1956-57 marketing year is about 9 million bales compared with 9.2 million last year.

Consumption of American-Egyptian cotton has increased sharply this year despite the fact that the rate of consumption of all extra-long-staple cotton is running a little below a year earlier. From August through December consumption of American-Egyptian cotton was about 63 percent of the consumption of all extra-long-staple cotton compared with about 12 percent in the same period a year earlier. This increase probably is due to the competitive pricing of American-Egyptian cotton and the limited supply of Egyptian cotton available.

The supply of cotton in the U. S. in 1956-57 is a record 27.8 million bales. With disappearance estimated at about 15.5 million bales the carryover at the end of the season will probably be about 2.2 million bales smaller than the record high of about 14.5 million bales on August 1, 1956.

The objective for the 1957 Soil Bank Acreage Reserve Program for cotton has been set at 3.5 to 4.5 million acres. As of February 8 about 1.5 million acres had been placed in the cotton acreage reserve. Farmers participating

in the program will receive payments for the land which they place in the acreage reserve at the rate of 15 cents per pound times the county average normal yield, adjusted for each farm according to the productivity of the land for cotton production. The average normal yield for the U. S. has been set at 361 pounds per acre. The maximum acreage from each farm that may be placed under acreage reserve is the larger of 10 acres or 30 percent of the farm acreage allotment.

Spot market prices have increased somewhat in recent weeks. On February 13, the average 14 spot market price for Middling 1-inch cotton was 33.81 cents per pound. This compares with 33.35 cents about a month earlier and the loan rate at these markets of about 33.02 cents per pound.

The parity price for upland cotton in mid-January 1957 was 36.56 cents per pound, 0.75 cents above December. The increase reflects a higher adjusted base price for cotton in 1957 than in 1956, 12.52 cents per pound compared with 12.39 cents, and a higher Parity Index. The 1957 adjusted base price was multiplied by the Parity Index for January of 292 to obtain the January 1957 parity price.

On February 9 the Department of Agriculture announced that the minimum price support for 1957-crop upland cotton will be 28.15 cents per pound, basis Middling 7/8 inch at average location. This is equivalent to 77 percent of the mid-January 1957 parity price for upland cotton. The current support price for Middling 7/8 inch cotton at average location is 29.34 cents per pound, or 82.5 percent of the parity price for mid-July 1956.

TOBACCO

Marketings of the 1956 burley crop were completed by early February. Sales revealed that the crop was a little larger than expected earlier. The 1956-57 total supply--carryover plus the 1956 crop--at about 1.8 billion pounds is only slightly lower than for 1955-56. The season average price received by growers for the 1956 crop was a record 63.6 cents per pound--$8\frac{1}{2}$ percent above a year earlier. Prices for many of the traditionally top cigarette grades were nearly the same as a year earlier, while prices of the heavier-bodied leaf and tip grades rose sharply. Receipts of burley for Government loans amounted to only about 6 million pounds--about 1 percent of the crop.

The total supply of flue-cured tobacco in the current marketing year at nearly 3.7 billion pounds is about 4 percent above 1955-56 and the largest on record. Acreage allotments for 1957 have been cut 20 percent. Government loan stocks are exceedingly large following the 1956 season, when 320 million pounds were placed under loan. The season average price received by growers for the 1956 crop was 51.6 cents per pound--about 2 percent lower than for each of the preceding 3 crops.

Marketings of 1956 Virginia fire-cured (type 21) and sun-cured (type 37) have been completed. The season average prices at auctions were 39.6 cents for type 21 and 35.6 for type 37. Both were sharply higher than

a year earlier when there was much poor quality tobacco. Auction sales of Kentucky-Tennessee fire-cured are well beyond the halfway mark with prices for types 22 and 23 averaging 37.0 and 33.2 cents per pound, respectively. Prices for type 22 have averaged 9 percent below a year earlier, but for type 23, the average was nearly unchanged from last season. Auction sales of One Sucker (type 35) and Green River (type 36) are completed. Auction prices for the season averaged 35.9 and 29.6 cents per pound, respectively. Compared with the 1955 season, prices for One Sucker were up 9 percent and for Green River, up 2 percent.

The percentages of the fire-cured and dark air-cured tobacco types received under Government loan this past season have ranged from 16 to 37 percent. The proportions were particularly heavy for types 23 and 36. Total supplies of these types are considerably in excess of requirements, and 1957 acreage allotments for fire-cured have been cut 10 percent and for dark air-cured, 15 percent below their 1956 levels.

The total 1956-57 supply of Maryland tobacco is near 112 million pounds--slightly above a year earlier, and the second largest on record. Most acreage allotments for 1957 will be about 10 percent below 1956. The 1956 crop of Maryland tobacco will be auctioned during the coming spring and summer--the usual auction period for this type.

The output of cigarettes and cigars gained from 1955 to 1956 and some further increases seem likely this year. Private estimates indicate that sales of filter tip cigarettes rose further in 1956 and probably accounted for close to 30 percent of total output compared with about 19 percent in 1955.

Exports of unmanufactured tobacco during calendar 1956 totaled about 510 million pounds (export weight)--5$\frac{1}{2}$ percent less than the unusually large 1955 quantity. About 82 percent of the total 1956 tobacco exports was flue-cured. The United Kingdom, the principal foreign outlet, took 15 percent less in 1956 than in 1955.

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